Mid Devon DISTRICT COUNCIL

MID DEVON LOCAL PLAN REVIEW 2013 – 2033
Proposed Submission (incorporating proposed modifications) Examination
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Main Hearings -Hearing 1: Thursday 14th February 2019

Matters and Issues

Vision, Spatial and Development Strategy, and Strategic Policies

Statement of Mid Devon District Council

ISSUE2	**Is the OAN of 7860 (or 393 dwellings pa) (and thereby draft policies S2, S3 and S4) correct?**

1. Summary

1.1 The Local Plan Review's housing requirement figure of 7860 dwellings/ 393 per year meets in full Mid Devon's objectively assessed need (OAN), based on proportionate evidence. The Council has updated the 2015 Strategic Housing Market Assessment (SHMA-Document HOU1a) to ensure that the Plan is consistent with later information. The Housing Topic Paper (March 2017-TP01) draws on later evidence including updates to the SHMA by Devon County Council and Edge Analytics. Mid Devon District Council has not been asked to accommodate unmet need from other areas; nor is the council seeking its neighbours to meet any of Mid Devon's need.

1.2 This proof focusses on later information to illustrate that the Local Plan OAN is not significantly changed. It includes:

- The government's new standardised local housing needs methodology as a general benchmark. The raw Local Housing Need figure is below the local plan requirement, largely because the most recent household projections are lower than those that informed the Local Plan Review, whereas affordability ratios have remained broadly the same.
- The most recently available demographic, market and affordability information. These show that affordability indicators are largely unchanged since the SHMA.
- The relationship between housing and the Employment Land Review (EC002, EC009). The Local Plan Review housing figure remains appropriate having regard to this evidence.

1.3 Whilst 2014 and 2016 based demographic data suggests a lower OAN than 7860 dwellings, the Council considers this remains an appropriate figure in order to provide headroom to allow economic growth and contribute to meeting affordable housing need. However a higher figure than 7860 dwellings/393 per year would over-state need and meeting it could have negative environmental consequences.

1.4 The Local Plan Review contains policies on rural exceptions sites and rural workers housing. There is scope for neighbourhood plans to bring forward housing above the Local Plan levels if supported by the local community.

2. Submitted evidence supporting the OAN

2.1 The Council's justification is set out in its Strategic Housing Topic Paper (TP01) published in March 2017. This summarises the Strategic Housing Market assessment (SHMA- DCA 2015 document HOU1a) and other evidence available at early 2017. It includes an updated assessment by Devon County Council (appendix 2 of TP01) and advice from Edge Analytics/Understanding Data LTD on jobs led modelling. These confirm that the Local Plan's OAN figure is sound.

2.2 The Topic Paper sets out that the Local Plan Review figure meets in full the objectively assessed need as per the requirements of paragraphs 7, 14, 17, 47 and 182 of the (2012) NPPF. The figure is a significant but sustainable increase from the 2007 Core Strategy requirement of 340 dwellings per annum (dpa). The Local Plan Review provides sufficient sites to allow a buffer of 10%-16% above the identified requirement (The trajectory on Pages 26-7 of the Plan shows a buffer of 10%; whereas the Proof of Evidence to Hearing 1 Issue 5 shows a buffer of just over 16% (9,134 dwellings against a requirement of 7,860)).

2.3 The assessment of need set out in the Topic Paper (TP01) is considered to be substantially up to date, not least because the Government recommends using the 2014 based Household Projections rather than the 2016 based ones as a starting point for assessing need[1]. The Topic Paper and DCC assessment assess the 2014 based household projections.

2.4 This proof focusses on later data to provide context and to show that these do not change the overall picture. In summary, both the 2014 and 2016 based demographic projections have fallen considerably since the 2008 and 2011 household projections on which the SHMA was based. Similarly, using the standard Local Housing Need Methodology calculation suggests a lower need than the SHMA figure.

2.5 It is noted that the SHMA and DCC's "POPGROUP" based assessments use long term (30 year) migration trends and are therefore not directly comparable with the DCLG/ONS Household Projections. The DCC figures iron out cyclical trends and are therefore likely to contain a housing allowance to boost the economy above the recent demographic trends; whereas there is a greater case to include an allowance to accommodate jobs into the recent raw demographic projections.

[1] MHCLG consultation on updating national planning policy, October 2018
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751810/LHN_Consultation.pdf

2.6 Calculating housing need is not an exact science- it is meant to be an objective assessment based on a fair judgement of proportionate evidence. The Council has carried out this exercise.

3. Standardised Local Housing Need Methodology.

3.1 The Mid Devon Local Plan review will be tested against the 2012 NPPF[2] and therefore the concept of objectively assessed need in the 2012 NPPF remains relevant. However, the government has indicated that it will in future expect assessments of local housing need to follow the standard method set out in national planning practice guidance (PPG), unless exceptional circumstances justify a different approach (2018 NPPF paragraph 60 and PPG 2a-002-20180913). It is therefore appropriate to consider the local housing need methodology as a sense check of likely minimum housing need (albeit one that is not binding on the Local Plan Review)[3].

3.2 Further guidance on assessing local housing need (LHN) is expected, but appendix 1 uses the standard methodology set out in the PPG. The baseline figure (using the 2014 based household projections) is around 357dwellings per year. Using the 2016 based household projections results in a LHN figure of 304 dwellings a year.

3.3 The Local Plan requirement of 393 dwellings a year remains the appropriate figure as it allows for jobs growth, the provision of affordable housing and supports mixed and balanced communities.

4. 2016 Based Household Projections and Later Demographic Trends

4.1 The Government has advised that the 2014 based household projections are preferable to the 2016 based ones, as the 2016 based projections may under-represent household formation[4].

4.2 As set out above, the Council does not wish to reduce the housing figure set out in the Local Plan Review. However, some organisations have argued that the Local Plan Review should reflect more up to date data. Therefore it is relevant to note the most recent (2016 based) household projections.

4.3 The 2016 based household projections (published in 2018) project an increase in Mid Devon's households of around 2,380 over the next 10 years and 6,290 over the Plan period. This is just under a thousand fewer households than predicted in the 2014 based projections. Over the entire period of the projections, the 2016 Household Projections are half what the 2008 Projections set out (221 verse 440 dwellings per year).

4.4 The Council note that the Local Plan Requirement is based on a mid-point between the 2008-2011 Projections and a subsequent assessment by DCC of the 2014 based household

[2] The July 2018 NPPF indicates that that that plans submitted before 24 January 2019 will be considered on the basis of the 2012 NPPF and therefore references in this Paper are to the 2012 NPPF unless otherwise indicated.

[3] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

[4] https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/
https://www.gov.uk/government/consultations/changes-to-planning-policy-and-guidance-including-the-standard-method-for-assessing-local-housing-need

projections, but using long term (30 year) migration assumptions to iron out cyclical changes in migration. This remains a robust approach to assess full OAN (at around 393 dwellings per year).

4.5 An alternative approach of taking later unalloyed household projections or using the Standard Local Housing Need Methodology would derive a lower demographically implied provision figure. An additional provision to meet the need for labour demand to these demographic projections would be justifiable given the need to support economic growth.

4.6 The 2016 based household and population projections, and 2017 based Mid-Year Estimates are considered further at appendix 1.

5 Market Signals

5.1 The 2015 SHMA assesses market signals and does not consider that there are grounds to increase housing need in response to these. This advice remains robust since market signals have not shifted significantly since the SHMA. The 2015 SHMA carried out a housing needs assessment (HOU1a Appendix 3) which indicates an annual need for between 118 -130 affordable homes based on 2011 and 2008 based household projections respectively (Table 11-1 and 11-2 pp109-110).

5.2 House price/earnings and other market and affordability data is considered in Appendix 1. There remains a need for affordable housing in Mid Devon as in most other places. However, there is no evidence that affordability has changed significantly since the SHMA baseline (2013). The ratio of median house prices to earnings has remained at about 8.5 since the mid-2000s. The ratio of lower quartile house prices to earnings has similarly remained stable. As above the number of new households in the 2014 based projections is below the SHMA figure.

5.3 Median house prices in Mid Devon at 2018 were slightly below the regional and national average, whilst rental levels were broadly comparable with other rural parts of the South West.

5.4 MDDC note that some housebuilding industry representations have argued that housing numbers should be increased to boost the contribution such sites make to affordable housing. However, there is no evidence that the SHMA's assessment underestimates current need. Boosting the OAN figure would be an inefficient and artificial way of boosting affordable housing supply and would risk oversupplying general needs housing numbers which are unlikely to be delivered and would have environmental consequences.

5.5 The Local Plan Review sets out proactive policies to boost affordable housing supply as far as possible within viability and infrastructure constraints. Policy S3 sets out affordable housing targets. For developments of 11 or more dwellings in the three main towns, 28% affordable housing is generally sought. Elsewhere 30% is generally sought on sites of 6 or more dwellings.

5.6 The Local Plan Review also contains policies on affordable housing in rural exceptions sites (Policy DM6) and for rural workers (DM7). Parishes may also bring forward additional affordable dwellings through Neighbourhood Plans should they wish to do so. The Local Plan trajectory does not rely on windfall sites, although the evidence indicates that at around 128 windfall dwellings come forward each year (see paragraph 2.10 of Local Plan, TP01 and the Council' Proof of Evidence on housing land supply (Issue 5)).

6. Implications of Labour Supply Scenarios based on the 2018 Employment Land Review

6.1 The Mid Devon Employment Land Review Update (ECO09) confirms the Local Plan's commercial land proposals of between 30-40 ha. This is summarised in more detail in the Council's Proof of Evidence to Issue 8. It has not resulted in additional land being allocated for employment, and the housing implications of J27 have been modelled in detail by Edge Analytics (SSE14). The economic projections also suggest that much of the job growth has already taken place as a result of recovery from the 2008 Crash and subsequent recession, and that most jobs growth is of non-employee job reflecting in a rise on self-employment.

6.2 The Council is aware that future economic growth could generate additional housing need. The Local Plan Review already provides a significant uplift in housing number above the 2014 or 2016 based demographic rate of provision. 393 dwellings per year is about 118 per year more than the 2014 baseline projection (although an allowance would need to be made to convert households figure into dwellings), and 36 a year more than the standard Local Housing Need methodology).

6.3 This buffer will be ample to meet Mid Devon's economic growth aspirations and therefore 393 dwellings per year remains a robust assessment of OAN. Should the economy exceed forecast rates of growth, this will be picked up through later assessments of need as part of later local plan reviews.

6.4 On the basis of the above, the Local Plan Review's OAN remains justified by proportionate evidence. Whilst the figure of 7,860/393 per year is higher than more recent demographic projections and the figure derived from the government's standard local housing needs methodology; there remain good grounds in terms of meeting economic needs, boosting affordable housing and providing a more balanced age structure to promote an OAN of above the latest demographic projections. However stating an OAN figure of more than 393 would be to artificially inflate the number, and is unlikely to be deliverable in a sustainable way.

Appendix 1 Local Housing Need Methodology, Demographic Data Market Signals and Employment Land Review

A1.1 This Appendix provides some more information on the data used in the main proof to demonstrate that the Local Plan review's housing requirement of 7,860 fairly meets OAN. It summarises information already in the public domain relating to Mid Devon's OAN.

Standard Local Housing Need Methodology

A1.2 The current standard methodology takes the 2014 based Household Projections and adds an allowance for unaffordability (based on the ratio of median house prices to earnings). The standard local housing need methodology figure is 357. This figure is based on the 2014 based Household projections (published 2016), which the government views as a more robust guide to likely household formation rates than the 2016 based figures (published in 2018).

A1.3 The most recently published (2017) Mid Devon median house price /earnings ratio was 8.5. The 10 year household change (2019-29) based on 2014 household projections was +2,783 households. The 2016 based Household Projections (published 2018) indicate +2,373 new households over the next 10 years. The adjustment factors are therefore as follows:

- Affordability adjustment factor: ((8.5-4)/4 x0.25)+1 = 1.281

A1.4 The decennial household increase projected by the 2014 and 2016 based household projections is set out in Figure 1.

Figure 1. Projected Decennial Household Increase (DCLG and ONS projections).

	2019	2029	Increase in households
2014 Based Household Projection	34,970	37,753	2,783
2016 Based Household Projection	34,524	36,897	2,373

A1.5 Figure 2 Sets out the standard methodology calculations of baseline local housing need.

Figure 2. Local Housing Need Calculations.

	(1) Households	(2) Adjustment factor (As above)	(3) Baseline housing need (10 year) (1) x (2)	(4) Baseline need (20 year plan period) (3) x 2	(5) Baseline need (per year) (3)/10	Yearly "headroom" (Local Plan requirement 393 dpa minus baseline need in (5)
2014 based HH projections	2,783	x1.281	3,565	7,140	357	36
2016 based HH projections	2,373	x1.281	3,040	6,080	304	89

A1.6 The figure changes slightly using different baseline dates etc. However all of these rates are below the Local Plan proposed requirement of 7,860 dwellings 2013-33 equal to 393 per year.

2016 Based Population and Household Projections

A1.7 Mid Devon's population is projected to grow by 5,000 people between 2019 and 2033 according to 2016 based population projections.

A1.8 ONS published Mid-Year Estimates of population for 2017 in October 2018. Mid Devon's estimated population was 80,623 people. This is slightly higher than the 2016 based population projections (80,195) and 2014 based sub national population projection (80,411). However it is slightly lower than the 2012 based sub national population projections for 2017 (80,859). This difference is not considered to be significant.

A1.9 The Council is aware that Mid Devon's population is ageing, in line with national trends. This is set out in Figure 3. Public Health/Adult Social Services policy is to assist people to live in their own homes for as long as possible. The 2016 household projections show more older people in the household population, and a commensurately smaller rise in the population in institutions. The PPG also indicates that specialist accommodation for the elderly can count as an element of housing provision. Policy CU7d) and CRE11h) propose specialist accommodation as part of the Plan's commercial provision, and a care home has outline permission at the Tiverton EUE. On this basis, the Plan makes sufficient provision for older people per se.

A1.10 However, the working age population is projected to grow very modestly and the Council considers that the growth rate of 7860 dwellings/393 a year, i.e. above recent demographic projections, remains justified to support its economic growth aspirations.

Figure 3. Mid Devon Population Change by age range

Age Range	2019-29	2019-33
0-19	500	200
15-64	200	300
20-69	300	300
70-84	2,100	2,500
85+	900	1,900
All ages	3.800	5.000

ONS 2016 based population projections (2018) Analysis MDDC

A1.11 The ONS (and formerly DCLG) Household Projections are more relevant than population projections as a starting point to assess OAN. The government has stated that the 2014 based household projections are the preferable measure, as the 2016 based ones under-represent household formation rates due to hidden households. TP01 (and its appendices) assess the 2014 based household projections.

Figure 4. 2014 and 2016 Based Household Projections								
	2013	**2018**	**2019**	**2020**	**2026**	**2029**	**2033**	**2041**
2016 Based HH projections	33,070	34,280	34,520	34,740	36,170	36,900	37,780	39,360
2014 Based HH projections	33,260	34,660	34,970	35,250	36,946	37,750	38,760	-

A1.12 Based on the 2014 household projections, the Local Plan Review exceeds the number of households formed by 2, 360. An upward allowance has to be made to convert households into housing need (see Appendix 2 of the Housing Topic Paper TP01). However, this is a minimum number and there is a case to boost numbers to provide affordable housing and support the Local Plan Review's economic growth aspirations.

Household Projections 2008-2016 based.

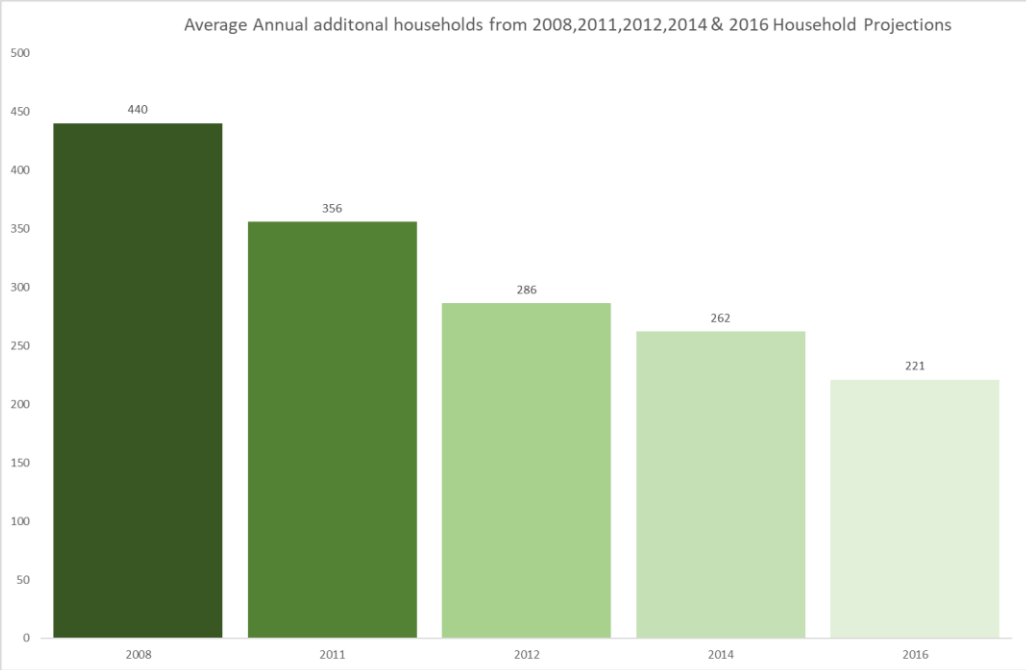
A1.13 Household Projections since 2008 based figures show that the projected number of households per year has halved from 440 in the 2008 based figures to 221 in the 2016 based figures.

Figure 5 Comparison of Household Projections

years	period	Source			Change	Period Average
			2008	2033		
25	2008-2033	2008 based*	32000	43000	11000	440
			2011	2021		
10	2011-2021	2011 based	32835	36392	3557	356
			2012	2037		
25	2012-2037	2012 based	33089	40227	7138	286
			2014	2039		
25	2014-2039	2014 based	33602	40160	6558	262
			2016	2041		
25	2016-2041	2016 based	33831	39364	5533	221

Source: DCLG/ONS House Projections, live tables 406 Whole period. Analysis by Understanding Data LTD. * 2008 figures are rounded figures – all other totals are unrounded

Figure 5a Comparison of Household Projections (Source as above).



A1.14 The decline in projected new households is in part to the harsh economic circumstances since 2008 which have reduced migration and household formation rates. However the 2008 based figures can no longer be seen as a "normal" but rather reflect an unsustainable credit boom. Nevertheless, the Council's case is not that the most recent household projections are an accurate reflection of OAN. The need to adjust the figures is accepted.

A1.15 The Council's evidence base uses two approaches to this:

- The SHMA and DCC assessment of the 2014 Based Household Projections use a long term (30 year) migration trend). This irons out cyclical variations and partly explains why DCC's assessment of new households using the 2014 Projections is not significantly different from the SHMA which used the 2008 and 2011 figures (Appendix 2 of TP01). Using the long term trends therefore provides a figure significantly above the raw household projection (in this instance) and can be said to make allowance to provide a market boost.
- Taking the 2014 based household projections as a starting point provides a significantly lower figure, even when an allowance for affordability is added as per the standard local housing need methodology. There is a greater case to add a figure to boost the local economy/meet labour demand to these figures than there is to the DCC/SHMA figure.

Market Signals/ Affordability

A1.16 The 2015 SHMA assesses market signals and does not consider that there are grounds to increase housing need in response to these. The Council consider that this advice remains robust and that market signals have not shifted significantly since the SHMA.

A1.17 Median house prices in Mid Devon at 2018 were £219,000, which is below the England average of £230,000 and the South West average of 239,000. (ONS house price and earnings data 2018).

A1.18 Affordability in Mid Devon, as measured by the ratio of house prices to earnings, has remained virtually static since 2012 and indeed since 2003 on both the measurement of median and lower quartile ratios. This is set out at Figure 6. It is noted that this is based on work-place earnings so may under-represent the level of affordability based on residents' earnings due to higher out-commuting rates for higher paid jobs in Exeter and Taunton. This shows that there is still a problem with housing affordability, but the gap has not become worse since the SHMA was prepared

Figure6 House Price: Earnings Rations in Mid Devon (Source ONS)		
Year	Ratio of median house prices to median gross annual earnings – Mid Devon	Ratio of lower quartile house prices to lower quartile gross annual workplace based earnings
2003	8.24	7.82
2004	8.79	9.04
2005	8.49	8.5
2006	9.22	9.91
2007	9.86	9.25
2008	9.51	8.59
2009	7.84	7.69
2010	8.16	7.74
2011	7.97	7.65
2012	7.84	8.64
2013	8.49	8.42
2014	8.0	8.5
2015	8.82	8.39
2016	8.81	8.62
2017	8.5	8.69

A1.19 Affordability ratios in Mid Devon are slightly lower (more affordable) than Devon, and broadly comparable to the regional average. Mid Devon is slightly less affordable than England as a whole. There has been no significant shift in the pattern of affordability over the last five years, as set out in Figure 7. The rate of change in Mid Devon has been less than the regional or national averages. In particular the lower quartile house price to earnings ratio increased by less than 0.6% in Mid Devon compared to 10% in Devon and nationally and 12% in the South West

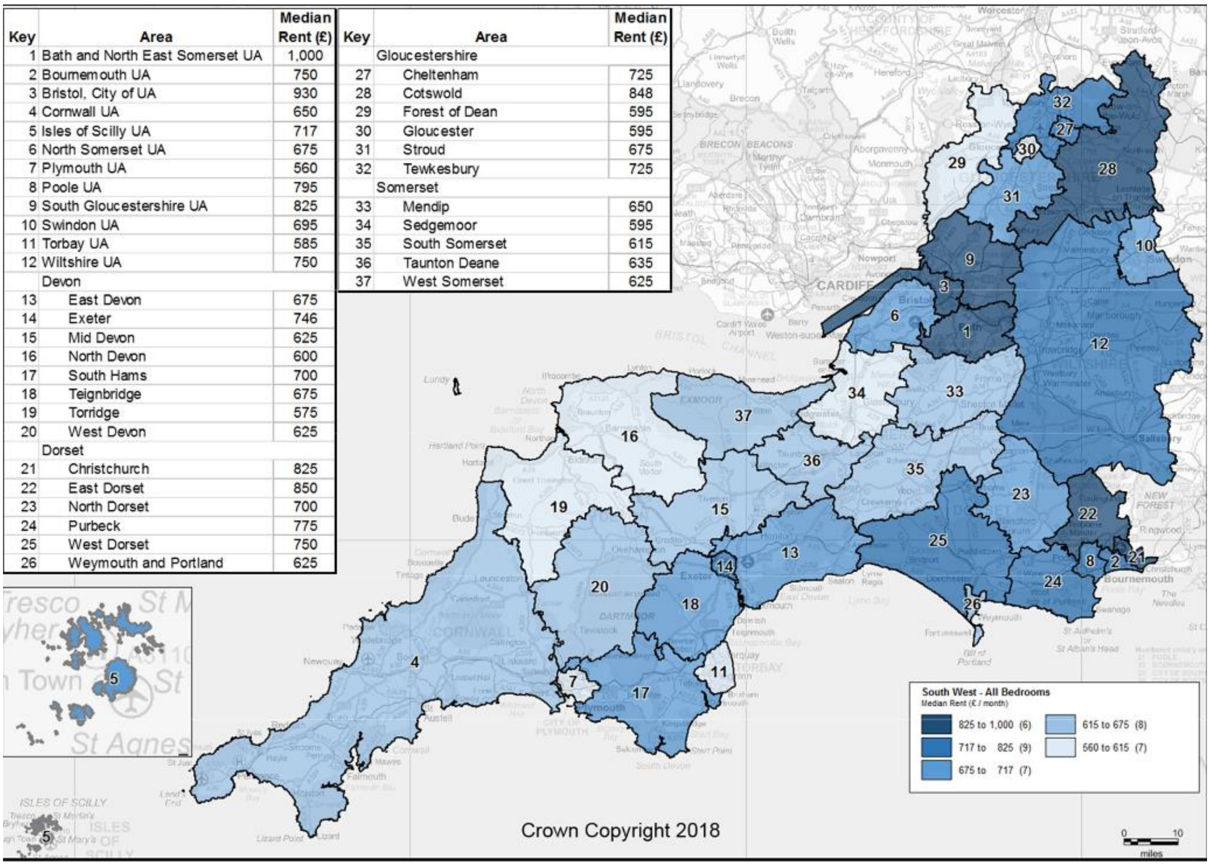
Figure 7 Median house price to earnings ratios- Change 2012-17				
	2012	**2017**	**Change**	**% Change**
Mid Devon	7.84	8.5	0.66	8.418367
Devon	8.75	9.67	0.92	10.51429
South West	7.59	8.81	1.22	16.07378
England	6.77	7.91	1.14	16.839
Lower quartile house price to earnings ratios				
	2012	2017	Change	% Change
Mid Devon	8.64	8.69	0.05	0.578704
Devon	8.7	9.57	0.87	10
South West	7.83	8.84	1.01	12.89911

England	6.58	7.26	0.68	10.33435
Source ONS/ Analysis by MDDC and Understanding Data LTD.				

Rental Market

A1.20 Valuation Office data shows private rental levels in Mid Devon (£625 per month) to be within the mid-range of the surrounding rural areas and significantly below Exeter and East Devon. This was lower than the England Median rent of £675 per month over the same period. https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-april-2017-to-march-2018

Figure 8 Private Rental Market Statistics, "All Bedroom" monthly rents April 2017-March 2018 for the South West (Valuation Office Agency)



A1.21 **Devon Home Choice Quarterly Report (October 2018)** records numbers of households on the waiting list for affordable housing. Mid Devon had 960 households on the waiting list for affordable housing at October 2018. Just under 90% were on the lower need band C-D, with 10% (102 households) in the higher need Band A-B. In the quarter between 1 July and 30 September 2018 there were 50 re lets for general needs housing and 17 for sheltered housing i.e. 67 relets in the quarter. This would approximate about 258 per year. This backlog of need (which does not include newly arising need) is comparable to other parts of Devon, but significantly lower than Exeter, East Devon and very significantly lower than Plymouth.

A1.22 The SHMA carried out a housing needs assessment (HOU1a, Appendix 3) which indicates an annual need for between 118 -130 affordable homes based on 2011 and 2008 based household projections respectively (Table 11-1 and 11-2 pp109-110 of the SHMA)

A1.23 Since affordability ratios, backlog of need etc. are broadly comparable to the situation assessed by the SHMA, there is no reason to assume that the SHMA figure should be increased for market reasons.

Figure 9 Housing Waiting List Numbers in Devon October 2018 (Figure 1 of Devon Home Choice Quarterly Report (October 2018).

Table 1: Number of households in housing need (Bands A to D) as at 1st October 2018

	Band A		Band B		Band C		Band D			Band E	
	No.	%	No.	%	No.	%	No.	%	Total	No.	%
East Devon	1	0%	315	17%	571	30%	1016	53%	**1,903**	2,463	56%
Exeter	5	0%	440	19%	646	28%	1223	53%	**2,314**	2	0%
Mid Devon	1	0%	101	11%	301	31%	557	58%	**960**	1,147	54%
North Devon	3	0%	187	16%	321	28%	644	56%	**1,155**	1,340	54%
Plymouth	3	0%	1,544	19%	2,504	32%	3,889	49%	**7,940**	3,963	33%
South Hams	0	0%	181	23%	194	25%	410	52%	**785**	867	52%
Teignbridge	1	0%	212	22%	355	36%	408	42%	**976**	0	0%
Torbay	7	1%	222	23%	306	31%	443	45%	**978**	0	0%
Torridge	2	0%	205	25%	254	32%	342	43%	**803**	506	39%
West Devon	1	0%	105	23%	121	26%	239	51%	**466**	489	51%
Total	**24**	**0%**	**3,512**	**19%**	**5,573**	**31%**	**9,171**	**50%**	**18,280**	**10,777**	**37%**

Employment Led Housing Need.

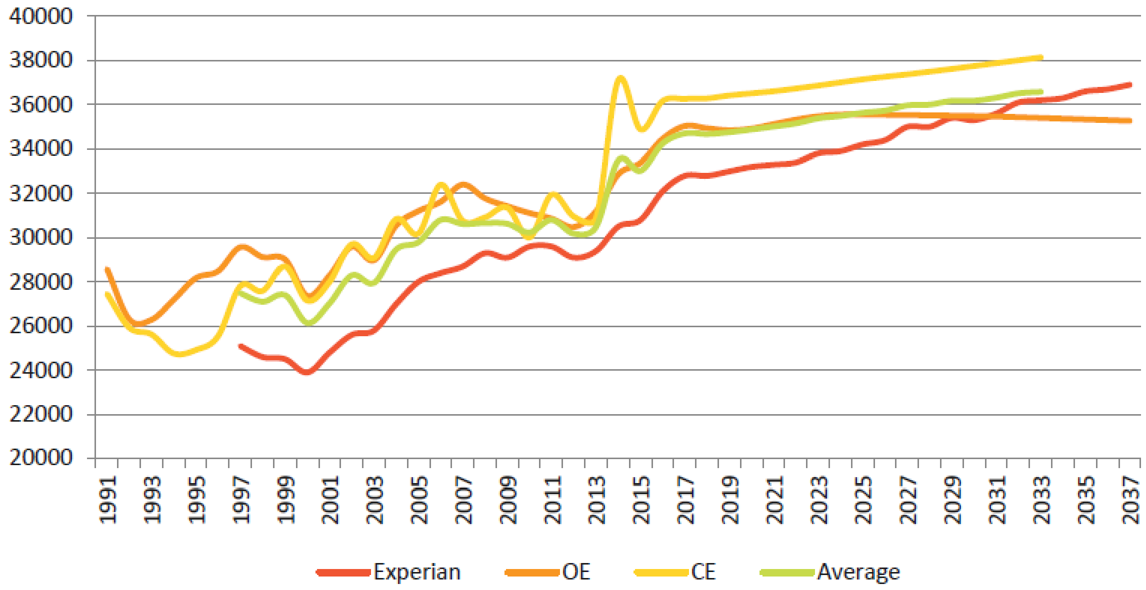
A1.24 The SHMA assessed an employment led housing requirement of 359 dwellings per year (based on a midpoint of 378 dwellings per year using 2008 household projections and 339 dwellings per year using 2011 based ones).

A1.25 Mid Devon commissioned Edge Analytics (SSE14) to assess the impact of Junction 27 on housing need, which suggested a need for +260 dwellings arising from J27. The August 2016 Update considered the 2014 based household projections and household sizes, and noted DCC's trend based projection of 384 dwellings per year. Edge Analytics considered four "policy on" scenarios, which considered the impact of J27 based on developers' assessment of total jobs. They then assessed the impact of reduced outward commuting, different assumptions about economic activity in older age (State pension Age and Office for Budget Responsibility) and a reduction in unemployment. These assumptions provide a range of different scenarios ranging from 198-545 dwellings a year. A Mid-Point for the various scenarios of 393 dwellings per year was indicated(See para 4.7, Table 4 (p10) and Figure 4 p14 of the Demographic Scenarios Policy-on report, August 2016 (SSE14).

A1.26 Subsequent advice from Edge Analytics (now as Understanding Data (TP01, Appendix 2) was that taking a mid-point of the various scenarios and sensitivity testing assumptions represents "a reasonable approach to levelling out inherent uncertainties relating to competing views about economic activity rates".

A1.27 The Mid Devon Employment Land Review Update (ECO09) confirmed that the Council's approach to allocating 30-40 ha of commercial land is justified (See Proof of Evidence to Hearing 1 Topic 8). It is noted that the ELR Update did consider the increase in total employment that arose 2013-16 although this was forecast to level off post 2017 (see Figure 10).

Figure 10: Historic and Forecast job increases in Mid Devon (Employment Land Review Update, Lichfields 2018).



Source: Experian Business Strategies, Oxford Economics, Cambridge Econometrics (all 2017) / Lichfields Analysis

A1.28 Whilst the jobs uplift forecast in the 2016 ELR Update is higher than forecast in the SHMA, it reflects a recovery from recession that occurred post 2013. In addition, as set out in the Proof of Evidence to Topic 8, the majority of the additional jobs (around +6000 2012-16) have been non- employee jobs (i.e. self-employed etc.) whereas the number of employee jobs has risen much more slowly (around +1000 over the same period).

A1.29 Apart from J27, which has been fully modelled, the ELR Update did not recommend an increase in the commercial land provision above that recommended in the 2013 ELR and Local Plan Review figures.

A1.30 The Council do recognise that if the economy does exceed the forecasts of the 2016 Edge Analytics modelling, there may be a knock on increased need for housing. The situation is not as straight forward as one job requires an additional dwelling, as there are a wide number of factors to take into account, such as economic activity rates, unemployment and commuting rates. Economic forecasts are also inherently uncertain, and the forecasts are unlikely to reflect current market uncertainty over Brexit.

A1.31 The Local Plan requirement of 393 dwellings per year is already significantly higher than the demographic rate of provision as well as the Standard Methodology calculation (around +275 households per year using the 2014 projections and 357 dwellings a year using the standard methodology). This provides a significant buffer to accommodate economic growth, and provides a justification for increasing numbers above the demographically implied rate of provision.

A1.32 Based on the currently available evidence this uplift should be more than sufficient to meet the Local Plan Review's economic growth aspirations. However the matter will need to be kept under consideration as part of the statutory 5 year Plan review.

Appendix 2 Representations of the Local Plan Review Proposed Submission incorporating proposed modifications (January 2017)

A2.1 Mid Devon District Council treated 21 representations as raising an objection to Policy S3 Meeting Housing Needs at the January 2017 Consultation. However, the majority of these were made in relation to specific sites, particularly J27/ SP2 Higher Town Sampford Peverell. Six out of the 21 representations raised issues relating to housing levels. Some representations on other matters, such as the Development Strategy also touched on housing numbers.

A2.2 Most of the 2017 representations to Policy S3, such as Gallagher Estates (5763) made comments about housing build out rates and other housing supply matters, rather than focussing on housing need per se. The Council's Housing Topic Papers (TP01) and Proof Of Evidence in relation to Hearing 1 Issue 5 (housing supply) explain the rationale for Mid Devon's housing supply policies and their consistency with the approach taken by the wider Greater Exeter Strategic Plan authorities.

A2.3 Several representations such as the HBF and South West Registered Providers argued that the housing requirement should be expressed as a minimum, rather than an approximate figure. The housing requirements in Local Plans are an appropriate target which should not be undershot. But they also set a broad figure which should not be exceeded too far without running into environmental or infrastructure capacity constraints. Notwithstanding this, the Local Plan Review identifies a requirement of approximately 7,860 dwellings, but seeks to over-provide this target by about 16 %, not counting windfall sites.

A2.4 There were, however a few representations relating to the housing requirement in 2017 (as well as representations at 2015). CPRE argued that the housing requirement is too high and that more recent, lower, demographic projections cannot be disregarded.

A2.5 LRM Planning/ Wessex Economics for Barratt/David Wilson Homes (6229) provided the most detailed counter assessment of Mid Devon's objectively assessed need at the 2017 Consultation. This argued that Mid Devon's full OAN should be considered to be 9,600 dwellings. This is based on arguing for an uplift to provide more social rented housing, larger market forces uplift, a larger allowance for hidden households and a larger uplift for labour demand.

A2.6 The Council acknowledges that the SHMA is based on now superseded household projections. However the Local Plan evidence base has also assessed later household projections which are consistently lower than the 2008 and 2011 projections which informed the SHMA. Later evidence underpinning the Local Plan Review has drawn from the 2014 based Household Projections, which is currently the government's favoured baseline measure (TP01 Appendix1).

A2.7 This Topic Paper (TP01) has considered the impact of the Employment Land Review, and the Local Plan review proposes a buffer above objectively assessed need/local housing need to support a boost in the local economy. The Plan is one of positive economic growth and the Council does not wish a housing shortfall to harm growth prospects. The labour supply issue will need to be kept under review throughout the Plan period. Notwithstanding this, it is noted that the growth forecasts suggest less jobs growth in the latter stage of the Plan period, and reduced levels of out commuting (increased job density), increased economic activity rates amongst older age groups are likely to dampen down the labour supply driver of housing need (as these people will already have homes).

A2.8 The Council's consideration of representations received at the 2017 consultation stage is set out more fully in Submission Document SD11 (2017),pages 19-22. Document SD10 summarises responses received on the 2015 consultation (see pages 22-26). It will be noted that in response to the 2015 consultation, the Council increased the proposed housing requirement from 7,200 to 7860 dwellings over the Plan period.